

# CRS Report for Congress

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## Military Base Closures: Time for Another Round?

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On May 19, 1997, Secretary of Defense William Cohen released a long awaited report, the *Quadrennial Defense Review* (QDR). In the report, a major review of military strategy and capabilities, he called for two additional rounds of military base closures, one in 1999 and the second in 2001. He explained that, in spite of four previous rounds of closing bases (1988, 1991, 1993, and 1995), the downsizing of DOD's infrastructure had fallen behind the downsizing of its force structure [units and personnel]. He pointed out that:

Since the first base closure round, force structure has come down by 33% and will have declined by a total of 36% when we finish the reductions under the QDR. During the same period, we will have reduced domestic infrastructure by 21%.... We must shed more weight.

He further explained that closing more bases was dictated not only by the desire to achieve a proper balance between infrastructure and force structure, but also by the need to secure significant savings that would allow DOD to fund adequately future readiness and weapons acquisition programs. He stated that without the savings from new rounds of closing, DOD would be hard-pressed to fulfill its missions and responsibilities in the future.

### Congress Debates New Closures<sup>1</sup>

Secretary of Defense Cohen's plan to begin new rounds of closures within the next five years was met with a decided lack of enthusiasm on Capitol Hill. Many Members expressed deep concern over the likely economic and political fallout in their districts from any such new rounds. Both defense committees of the House and Senate, during their mark-ups of the FY1998 DOD authorization bills, declined to support new base closure legislation. On June 12, the Senate Armed Services Committee narrowly failed, on a 9-9 vote, to authorize two more rounds of base closing in 1999 and 2001. The next day, Senator Carl Levin, the committee's ranking Democrat, along with Senators John

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<sup>1</sup>For context and background, see: CRS Report 97-305, *Military Base Closures: A Brief Historical Review Since 1988*, by George Siehl.

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McCain, Dan Coats, and Charles Robb, pledged to push for more base closings when the DOD authorization bill went to the floor. Senator Levin said that, if Congress was serious about having funds for new weapons, it was necessary to reduce excess infrastructure.

On July 9, the full Senate voted 66-33 against the McCain-Levin initiative and in support of a substitute amendment that delayed any new base closings until DOD develops "accounting techniques" to accurately measure the costs and savings from previous and future rounds. Under the substitute amendment, sponsored by Senators Byron Dorgan, Trent Lott, and Tom Daschle, DOD would be required to prepare and submit its cost/savings report to the Congress "in a timely manner." While no specific date was set, the provision stipulated that the report must be completed with adequate time for Congress to authorize another round of base closings in 2001.

In the House National Security Committee, opposition to a new round of closures was considerably stronger. Representative Joel Hefley, chairman of the subcommittee on military installations, indicated that there should be no new base closure rounds for at least five years. He, as well as others, questioned DOD's estimate of actual savings, especially in the short and medium-term, given the substantial up-front costs of shutting down bases. Although DOD officials have claimed net savings, beginning in FY1996 and increasing into the future, the Congressional Budget Office, in a December 1996 report, stated that it was unable to confirm or assess those estimates.

Congressional opponents, further, objected to rushing into new rounds of closures "without a complete and thorough understanding of the military implications" of previous rounds. In this regard, they also questioned the validity of DOD's major premise that there must be a one-to-one correlation between the percentage of reduction in end-strength and in base closings.

Despite the lack of broad support on Capitol Hill, senior DOD officials, as well as the President himself, have continued to press for new rounds of base closures in the near future. Both Secretary of Defense Cohen and retiring Chairman of the Joint Chiefs of Staff, Gen. John Shalikashvili, issued statements in September calling for more base closures as a way of making funds available for top priority weapons programs. More recently, on November 10, the Secretary of Defense and other senior Pentagon officials announced a series of reforms ("Defense Reform Initiative") that included two additional rounds of base closures in 2001 and 2005. These rounds, it was stated, would eventually result in annual savings of about \$1.4 billion each, or a total of \$2.8 billion. This figure represents about half of the overall \$6 billion annual savings anticipated from DRI actions that include, in addition to base closings, increased outsourcing to private industry, shifting to paperless contracting, administration, and publishing, and reducing the number of personnel employed by the Office of the Secretary of Defense and other agencies, departments, and activities.

Further support for two, or more, new rounds of base closures came from the December 1997 report entitled *Transforming Defense: National Security in the 21<sup>st</sup> Century*. Members of the DOD-sponsored National Defense Panel that prepared the report strongly urged Congress and the Defense Department to "move quickly to restore the base realignment and closure process." They called for closures to begin "earlier than the current 2001-2005 department proposal." In his endorsement of the panel's findings, Secretary of Defense Cohen emphasized, as he has in the past, the importance of two

additional BRAC rounds as a means of financing and accelerating the transformation of U.S. military capabilities.

## **Dispute over Depot Privatization<sup>2</sup>**

A highly contentious aspect of the base closure debate involves President Clinton's actions during the previous round. The 1995 base closure commission recommended the closing of two of the Air Force's five major maintenance depots -- at McClellan Air Force Base (CA) and Kelly Air Force Base (TX). The recommendation was justified on the grounds that all five depots were operating at under 50% capacity, and that significant savings could be achieved by transferring McClellan's and Kelly's workload to the three remaining depots in Utah, Oklahoma, and Georgia.

President Clinton vigorously opposed closing McClellan and Kelly depots, arguing that California and Texas had already suffered disproportionately from effects of the three previous closure rounds. He moved quickly and forcefully to prevent further loss of jobs in California and Texas by directing that private firms be allowed to assume the work on site — otherwise known as “privatization-in-place.” Opponents of the President, however, were quick to charge him with unprecedented political meddling in the base closing process. They accused him of trying to curry favor with the people of vote-rich California and Texas in his bid for reelection.

Not surprisingly, legislators from Oklahoma, Georgia, and Utah were the most vociferous opponents of the privatization plan, believing that it deprived them of jobs that would have been created in their communities under the initial recommendation of the 1995 base closure commission. Also, they knew that the existing privatization plan, if permitted to proceed, left their depots highly vulnerable to closure whenever the next round of base closures occurred.

Resentment over the President's 1995 intervention has carried over to the present. His action was cited by congressional opponents as reason for their opposition to any new base closure rounds at this time. It also fueled a move by some Members to block DOD from proceeding with plans to privatize depot maintenance work at McClellan and Kelly air force bases. On June 5, the House military readiness subcommittee approved an amendment to the FY1998 defense authorization bill prohibiting privatization at the two depots unless the Secretary of Defense certified that the three remaining depots were operating at an efficient 80 percent capacity. These other depots, as mentioned above, are presently operating at approximately 50 percent capacity. The full House National Security Committee approved the measure on June 16. Similar depot language was approved by the full Senate Armed Services Committee on June 17. However, in the face of a threatened filibuster by the four Senators representing California and Texas, the depot-related provisions were removed from the DOD authorization bill prior to floor consideration.

In floor debate, on June 23, Representative Terry Everett led an effort to delete the depot-related restrictions in the House FY1998 defense authorization bill, but to no avail.

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<sup>2</sup>See, also, CRS Issue Brief 96022, *Defense Acquisition Reform: Status and Current Issues*, by Valerie Bailey Grasso.

His amendment was defeated by a vote of 145 to 278. In the other chamber, Senator Inhofe spearheaded an effort to restore depot-restrictions to the Senate bill. He and his co-sponsors, however, withdrew their amendment on July 11, just before its floor consideration.

In conference committee, the depot-related language in the House bill became a major bone of contention and obstacle to reaching final agreement on the FY1998 defense authorization bill. As of early October, it was reportedly the only remaining issue to be resolved. Neither of the opposing camps seemed willing to yield — with one side threatening filibuster and/or veto if public-private depot competition at McClellan and Kelly air force bases were not allowed to go forward, and the other side insisting, in so many words, “no language prohibiting depot competition, no bill.” A resolution was achieved, ultimately, by the Senate and House conferees and reported on October 23. Under the compromise agreement, the limit on depot work that could be done by private contractors was increased from 40 to 50 percent. On the other hand, a broadened definition of the “core work” that must be done by government depots served to offset the benefits to private contractors of their percentage increase.

On October 28, the House passed the conference report by a vote of 286 to 123. On the following day, the Senate debated the conference report’s provisions regarding depot maintenance operations at length, but did not move to a final vote. A bid by Senator Kay Hutchison to postpone a final vote on the FY 1998 defense authorization until January 18, 1998 was denied. On November 6, the Senate reached final agreement, passing the conference report by a vote of 90 to 10. President Clinton signed the bill into law on November 18 (P.L. 105-85).

### **DOD Report on Costs and Savings<sup>3</sup>**

In the FY1998 defense authorization act cited above, Congress included language (Section 2824) that prohibited DOD from taking any concrete steps towards planning and implementing new base closures until it had submitted a report on “costs and savings attributable to the first four rounds of closure and realignment; and on the need, if any, for additional rounds.” The detailed requirements set forth in the Dorgan Amendment appeared quite daunting, including ten “Elements” and eight “Methods of Presenting Information.” The deadline for delivery of the report was set for “no later than the President’s submission to Congress of the budget for FY2000” (January-February 1999).

On April 2, 1998, far in advance of the deadline, the Department of Defense submitted its report to Congress. Secretary of Defense Cohen, in his introductory statements, stressed several key points in calling for new base closure and realignment legislation in the current year. He stated that the base structure was, currently, 23 percent in excess of what was needed, and that savings from two new rounds of closings would provide vital funding for modernization of weapons systems and improved readiness. He reminded Congress that while the defense budget was down 40 percent and force structure 36 percent, base structure had declined only 21 percent. He cited several other examples of the significant imbalance between force and base structures. The number of Navy

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<sup>3</sup>U.S. Department of Defense. *The Report of the Department of Defense on Base Realignment and Closure*, April 1998, 144 p.

ships is scheduled to drop by 46 percent between 1989 and 2003; while berthing space will decline by only 18 percent. The number of Army soldiers is slated to fall 43 percent in the same period, compared with only a 7 percent planned reduction in classroom space.

The base closure report, in providing information requested by Congress in Section 2824, claims that the closure costs of the 1988 and 1993 rounds were less than the Pentagon's original estimate. It asserts that the costs of the 1991 and 1995 rounds, when completed, will be roughly equal to the estimates. The report claims that the resulting savings from the shutdown of bases and facilities during BRAC's 1988-1995 rounds will exceed initial estimates. More specifically, DOD expects **net** total savings of about \$14 billion through 2001. Annual savings, thereafter, are estimated at \$5.6 billion.

The two new rounds of closures strongly urged by the Pentagon in 2001 and 2005 will produce, after implementation, additional savings of about \$3 billion a year. As required by Congress in Section 2824, both CBO and GAO will be reviewing and commenting on the accuracy and reliability of the report's findings. Other significant features of the base closure report include: (1) a recommendation by DOD to apply the model of previous independent base closure commissions for the two rounds proposed for 2001 and 2005; and (2) a statement touting the successful economic recovery from base closures of many communities.

A recent Air Force memo (April 26) has added fuel to the controversy over base closures. The memo cited John D. Podesta, the White House deputy chief of staff, as having tried through a DOD official, to encourage Lockheed Martin Corporation to go after some of the depot maintenance work at McClellan Air Force Base and keep the work in Sacramento. Members adamantly opposed to keeping depot maintenance work at both McClellan AFB and Kelly AFB have accused the Administration of continuing to meddle in the base closure process. The level of suspicion has increased, as has the level of rhetoric, with Members issuing forceful statements in opposition to new base closures that include words, such as: "dead on arrival," "smoking gun," and "over my dead body."

Reaction on Capitol Hill to the April 2, 1998 report's call for two new base closure rounds has been similar to that of the previous year -- strong and widespread opposition. The House National Security Committee remains broadly opposed to any closings in the near future. This degree of opposition is mirrored also in the House as a whole. The Senate Armed Services Committee is more evenly divided on the issue than the House committee. In its mark-up session, the Senate committee defeated by a 10-8 margin another round of base closures in 2001 (press release dated May 8, 1998). Senator John McCain and Senator Carl Levin, principal co-sponsors of new BRAC legislation this year (as well as last year), indicated that they were prepared, however, to seek support for passage of a floor amendment during Senate consideration of the FY1999 defense authorization bill (S. 2057/S. 2060). Their prospects of success in this endeavor are not considered bright, according to the views of many outside observers.

In floor action (June 25), the Senate voted 48-45 in support of an amendment to the FY1999 defense authorization bill that would make it more difficult for the Pentagon to move ahead with base closings. Amendment No. 2981, sponsored by Senator James Inhofe, would restrict the Administration from closing bases with 225 or more civilian personnel (a reduction from the current threshold of 300 set in law). It would also restrict

the Pentagon from realigning bases with 750 civilian personnel, or more than "40 percent of the total number of civilian personnel authorized to be employed at such military installation." Further, the amendment would prevent the Pentagon from closing a base within four years after completing a realignment of such base. The effect of this provision is to delay, if not block, the Department of Defense quickly moving to close a particular base by reducing the number of civilian employees to less than 225. Finally, the Inhofe amendment expresses congressional opposition to any new rounds of closures and realignments until all actions from previous rounds have been completed. The four rounds (initiated in 1988, 1991, 1993, 1995) are scheduled to be completed sometime before the end of FY2001.